MARINE ECOTOURISM
MARINE CRUISING OPERATORS

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BUILDING BLOCKS FOR ECONOMIC DEVELOPMENT & ANALYSIS

PREFACE

PURPOSE

Building Blocks have been conceived and developed by the Economic Development Branch of the Ministry of Sustainable Resource Management, under the guidance of Nancy South, Manager Economic Analysis, as an analytical tool that supports British Columbia coastal and land and resource use planning and decision-making and economic development initiatives. The Blocks contain concise business and sector information for a broad range of resource-based business types in BC. At this point, there are more than 30 Blocks either complete or in draft form. Several more Blocks have been identified as high priority by planning tables and other client groups. Additional Building Blocks will be developed over time, and some Blocks may be updated. For the most current Building Blocks, please see the Ministry of Sustainable Resource Management website, at: http://srmwww.gov.bc.ca/rmd/ecdev/

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BENEFITS

Building Blocks are expected to provide the following general benefits:

- Increase efficiency and more informed decision-making by providing readily accessible, credible information to planning and economic development processes;
- Improve the consistency of economic information across planning areas;
- Support economic analysis and decision-making that occurs outside formal coastal and land use planning processes; and
- Provide linkages between economic analysis and other social and environmental analytical tools (through identifying resource requirements to support economic activities and general compatibilities with other sectors and values).

LIMITATIONS

Every effort has been made to ensure that the information contained in Building Blocks is accurate and consistent. Approved, credible data sources are the foundation for Building Blocks. All Blocks were reviewed by sponsoring agencies and other experts. However, users are cautioned that information is used at their own risk, and that the authors and sponsors are not liable for any damages. Any conclusions or interpretations by the authors are not intended to represent government policy. Also, note that Building Blocks do not provide site specific information nor do they consider requirements for sustainability (social, community, environmental).

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RECOMMENDED REFERENCE/CITATION

BC Ministry of Sustainable Resource Management, 2003, Building Blocks for Economic Development and Analysis, *[Title of Sector]*. http://srmwww.gov.bc.ca/rmd/ecdev/

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1.0 INTRODUCTION

Nature-based tourism / Ecotourism is defined as travel to relatively undisturbed areas with the specific objective of admiring, studying and enjoying the scenery and its wild plants and animals as well as existing cultural features found in the area.

Ecotourism activities have been sorted into the following categories:

- **Marine Ecotourism**
  - marine cruising including sailing, yacht and power cruising
  - sea kayaking tours

- **Land based Ecotourism**
  - Bicycle Touring/Mountain Biking
  - Hiking/Backpacking/Trekking
  - Horseback Trail Riding
  - Freshwater River Rafting, Canoeing and Kayaking
  - Winter Tourism (Back Country /Tour Skiing, Dog Sledding, Snow Shoeing)

Please refer to the **Marine Ecotourism Overview** and the **Land-based Ecotourism Overview** documents for background information on the Building Blocks, a definition of Ecotourism, the overview of the Ecotourism sector and the bibliography. The Ecotourism Overviews are an integral component of the suit of Ecotourism Building Blocks.

2.0 OVERVIEW

For this analysis, marine cruising operators include charter sailing and power boat operators, usually offering skippered cruising multi-day charters with on-board accommodation. It excludes:

- Recreationists who take part in unguided marine cruising.
- Boating tours that are only for a few hours such as harbour tours in either Vancouver or Victoria (including carol ship cruises and related holiday season cruise events) and 2 to 4 hour whale/marine life viewing tours out of Steveston or Victoria harbour.
- Companies that primarily offer fishing charters, but have diversified into boat touring, particularly outside the fishing season (Sports-fishing charters are the focus of a separate analysis).
- Ocean cruising on large ships.
- "Pocket cruises" that are often shorter in duration than full ocean cruises, or may use smaller vessels than the traditional cruise ships. (In 2002 for example, Royal Caribbean International offered 3-4 day "pocket cruises" between Vancouver, Victoria and Seattle in the shoulder season using the same vessels as are used for the Alaskan cruises; Cruise West and Linblad Expeditions, two U.S. companies operate cruises for approximately 100 guests per cruise along the BC Coast; also, a North Coast tourism opportunity study

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identified the potential of regional "pocket cruises" that would originate from Prince Rupert and focus on wildlife viewing and natural history[1]).

Sailing and power cruising tours can involve passive participants who seek to enjoy the scenery as a passenger or active participants who will be part of the crew.

Marine cruising operators offer a variety of ancillary activities as part of their product including wildlife viewing, coastal history, sportsfishing, whalewatching, boating school, native culture and scuba diving.

2.1 Number of Marine Cruising Tour Operators

- A 1988 study estimated that in 1986, there were 38 sailing tour operators in all of B.C.[2] while a 1991 study reported 50 operators who offered sail cruising.[3] There are no more recent estimates of sailing tour operators in B.C.
- The 1991 study reported that all of the accommodation provided by sail cruising operators was on-board the vessels and that 95% of the operators provided on-board accommodation. The 50 operators featured in that study were broken down as follows:

Facilities Offered by 50 Sail Cruising Operators in B.C. (1989 Data)

Vessel Length	Average Number of Boats	Average Number of Passengers	% of Respondents
Smaller than 20 feet	1	4	5%
20 to 39 feet	12	4	53%
40 to 59 feet	2	6	47%
60 to 100 feet	2	24	32%

Source: The ARA Consulting Group, 1991, page 8-4.

- The 1991 ARA Consulting Group study also provided data on 70 power cruising operators, but those data included operators that offer overnight trips as well as operators that focus on half-day to one-day harbour cruises and marine life viewing tours.
- In 1997, there were an estimated 168 power/sail cruising operators in B.C., but it is not clear what portion of these offered multi-day tours.[4]

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3.0 COAST/LAND RESOURCE REQUIREMENTS/SENSITIVITIES

- Marine cruising operators provide tours along the coast of B.C. including the Gulf Islands, the west coast of Vancouver Island, the Queen Charlotte Islands/Haida Gwaii, the Central Coast and the North Coast of B.C.
- As reported in the 1991 ARA Consulting study, 44 of the 50 sailing tour operators in B.C. were based in the southern Strait of Georgia area (88%), but most offer cruises throughout Coastal B.C.[5]
- The 1991 study of 70 power cruising operators reports that power cruises are offered from the southern end of the Strait of Georgia to Alaska.
- In general, the eastern shoreline of Vancouver Island and the Queen Charlotte Islands as well as protected bays along the Central Coast and North Coast offer the best marine cruising potential. The open waters of the west coast can make navigation hazardous and are therefore not as favourable to marine cruising as the more sheltered waters.[6] Also, clients who are prone to seasickness prefer tours in more sheltered waters.
- A typical marine cruising tour offers side trips onshore and some environmentally sensitive sites are better suited to smaller groups of under 20 guests than for "pocket cruises" that offer tours to 100 clients or more.

4.0 INVESTMENT REQUIREMENTS

- The 1991 study of B.C. sailing tour operators estimated that each operator had an average investment of $430,000, including $388,000 in boats and another $42,000 in land, facilities and other assets.[7]
- Boat investment varies significantly depending on the type of boats offered and the size of the fleet. The minimum start up investment is estimated at $300,000 including $250,000 for a sailboat that can accommodate 6 to 8 passengers, and $50,000 to cover licensing, initial marketing costs and other costs.[8] Larger vessels could be worth significantly more, between $750,000 and $1 million.
- Sailing vessels used in multi-day commercial tours of Coastal B.C. can be fairly large. For example, one B.C. operator uses a 92-foot heritage schooner[9] while another operates a 67-foot sailing vessel. One tour operator based in B.C. was a commercial fisherman for over 25 years, but a few years ago chose to invest $400,000 in refitting his commercial seiner into a luxury power vessel that now offers multi-day tours of the B.C. Coast. Onshore trips are undertaken using inflatable powered boats or kayaks.
- While most owner-operators own their vessels, there may be opportunities to lease boats, thereby limiting the capital investment required.

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5.0 INFRASTRUCTURE

- Infrastructure related factors that may limit boat chartering operations include: the availability of fuel and marine supplies and services; the proximity to the main boating service centres; the lack of marina facilities, garbage disposal locations and potable water; and the lack of land based activity sites.
- Marine cruising operators require moorage facilities. The 1991 ARA Consulting study reported that 16% of the 50 sail cruising businesses also offered moorage facilities for other users, although most of these had less than 50 berths for any given facility.[10]

6.0 MARKET

The 1991 ARA Consulting study of 50 sail cruising operators in B.C. reported the following marketing trends:

- Customers were fairly evenly distributed between male (54%) and female (46%); 54% were between 35 and 54 years of age, 18% were older than 54 and 28% were younger than 35.
- Repeat clients accounted for 41% of the clientele.
- Sail cruising operators in B.C. identify the Caribbean Islands as B.C.'s main competition, followed by Washington State and California.

The 1991 study indicated that in 1989, 74% of sailing tour clients were from Canadian markets; 18% were from the U.S. and the balance of 8% was from Overseas. The U.S. and European markets are believed to have grown significantly in the last decade, with the operators contacted as part of this study reporting that on average, approximately 45% of the marine cruising clients are from the U.S., 28% are from Europe, and only 25% are from Canada.

In 2000, an industry profile of marine cruising in B.C. reported that the province is becoming a new destination for experienced sailing enthusiasts, and that charters are often booked 6 months to a year in advance.[11]

7.0 LABOUR MARKET

- Marine cruising operators require trained, certified crew members who have a good knowledge of local waterways, weather systems, geography, first aid and safety. Crew members also need leadership and group management skills, ability to interact well with people, and an ability to convey knowledge in an interesting and informative way.[12]
- Crew members are either paid a monthly salary or they are paid a daily rate for the length of the trip. Approximate wage rates for crew members are as follows:

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Crew Member	Approximate Daily Rate (excluding UIC and benefits)	Approximate Monthly Rate
Experienced skippers	Between $200 and $250 per day	$2,500 to $3,000 per month
Cook	$100 to $150 per day	$1,500 to $2,000 per month
Deck Hand	$90 to $120 per day	$1,500 to $2,000 per month
Unskilled Crew	$75 per day	$1,000 to $1,200 per month

Source: *Pierce Lefebvre Consulting* based on interviews with operators.

8.0 CAPACITY

- The major constraints to growth are market related rather than resource related.
- The marine cruising industry is expected to continue to grow as companies continue to expand the U.S. and European markets.
- The Central Coast and North Coast may have the greatest potential for growth, but the cruising product depends on certain attributes of the coastal environment being maintained. Marine cruising depends on large viewscapes that offer significant wildlife viewing opportunities. The deterioration of wildlife habitat could affect the potential for growth of that sector.
- There may be opportunities to encourage the growth of the industry through province wide advertising of B.C. as a marine cruising destination (for example, attending a U.S. trade show costs between $3,000 and $5,000, which is often cost prohibitive for individual operators).

9.0 REGULATORY REGIME

9.1 Transport Canada

- All tour boat operators must be certified by Transport Canada and must have watertight bulkheads, radios, rescue rafts and fire suppression systems. These requirements do not apply to private boat owners and as a result, they act as a barrier to entry to the commercial Marine cruising business for individual, smaller boat owners.
- Commercial operators (and pleasure boat owners) must comply with the Ministry of Environment, Lands and Parks *Pleasure Craft Sewage Pollution Prevention Regulations*. The regulations require all pleasure craft that operate in certain areas, and that have fixed toilet facilities, to be fitted with a holding tank. Also, the regulations prohibit the discharge of sewage when on waters designated as no-discharge areas, which includes numerous sites in the Strait of Georgia.

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9.2 Use of Crown Lands

- The marine cruising sector does not use crown land extensively, but a typical marine cruising tour will offer day trips onshore to visit sites that are culturally significant and may offer wildlife and nature viewing opportunities.
- Crown lands have been used for commercial recreation for more than 100 years with no special permission to use the lands except in a few sectors such as guided hunting, fishing and helicopter skiing operations. In 1998, the B.C. government introduced a commercial recreation management program requiring operators to acquire licenses for extensive use of Crown lands. The B.C. government is in the process of developing regulations that will likely require a minimal fee for the use of crown land by commercial operators.
- Several measures have been implemented in the Queen Charlotte Islands/Haida Gwaii including a Code of Conduct to limit the number of people allowed on the islands and provide operating standards, licensing and quotas for commercial operators.[13]
- Gitga'at First Nation has established a process for negotiating protocol agreements with tourism operators operating in its traditional territory (central and north coast). These protocols are written contracts to ensure that tourism businesses operating in the territory respect Gitga'at aboriginal rights and title, and support the ecological health of the territory. The protocol agreements may involve the payment of fees to the Gitga'at First Nation by commercial operators operating tours in those territories.

10.0 GOVERNMENT REVENUES

- Marine cruising operators licensed to operate in Gwaii Haanas National Park pay $10.00 per guest per day while touring in the park.

11.0 INPUT-OUTPUT TABLE – MARINE CRUISING

The following table shows a range of data for key socio-economic impact variables for marine cruising operators in B.C. The table shows information published from two separate studies, one, published in 1986 was based on 38 sailing tour operators, while the other, published in 1989 was based on 50 sailing tour operators. The table also shows current estimates of the socio-economic impacts associated with a small and a larger marine cruising operator. The differences in the data from each source highlight the difficulties in obtaining consistent data on marine cruising operators in B.C., partly due to the different types of services offered by each operator.

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Indicator	1986 Average	1989 Average	Small Marine Cruising Operation	Larger Marine Cruising Operation (One Vessel)
Number of Operations	38 Sailing Tour Operators	50 Sailing Tour Operators	Between 40 to 50 small sailing tour operators	Approximately 10 larger sailing tour operators in B.C.; also, some power boat cruising operations
Land Resources	Minimal	Minimal	Minimal	Minimal
Crown Resources	Minimal	Minimal	Minimal	Minimal
Product	Marine cruising	Marine cruising	Multi-day marine cruising with on-board accommodation for 4 to 6 passengers	Multi-day marine cruising with on-board accommodation for approximately 10 passengers
Investment	$282,000/ operator	$430,000/ operator	Minimum investment of $250,000 for vessel and $50,000 in various start-up costs	Depends on vessel, may be as high as $750,000 for main vessel Investment may be larger if operate more than one vessel
Sales	$184,000/ operator	$166,000/ operator	$75,000 to $100,000	$250,000 to $300,000
Employment (Person Years (PY))	8.3 PY per operator $52,632 in wages per operator or $6,350 per PY	4.3 PY per operator Average PY per operator ranges between 2.9 jobs in Winter to 6.8 jobs in Summer $38,000 in wages per operator or $8,840 per PY	1.5 PY Minimum of skipper (usually owner-operator), cook and one other for approximately 6 months May involve other employment outside Summer season	3 Pys 5 crew members (captain, first mate, deckhand, cook and resource person) for up to 10 guests; may require two crew depending on schedule Owner-operator works full time on business
Government Revenues			Park Fees	Park Fees

Notes:

1. Some of the larger marine cruising businesses operate more than one vessel. Additional revenues would depend on the type of vessel and number of passengers per vessel.
2. The socio-economic impact estimates are based on discussions with sailing tour operators. Multi-day powerboat tour operators with on-board accommodation would likely incur similar costs, except that fuel costs may be slightly higher (one industry representative estimated that sailing tours operate under power 80% of the time).

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Source:
1986 data: The Outdoor Recreation Council of B.C., *Adventure Travel in British Columbia, Summary*, March 1988.

1989 data: The ARA Consulting Group, 1991, page 8-6.

Current estimates: *Pierce Lefebvre Consulting* based on interviews with operators.

11.1 Preliminary Income Statement – Marine Cruising Operators

	1989 Average per Operator (Based on 50 Operators)	Small Operator	Larger Operator (One vessel)
Revenues	$166,000	$75,000 to $100,000	$250,000 to $300,000
Wages (incl. WCB, UIC, etc)	$38,000	$10,000 to $15,000 (Excl. owner)	$35,000 to $40,000 (Excl. owner)
Food and supplies	$7,700	$10,000 to $15,000	$35,000 to $40,000
Operating and Liability Insurance	Not available	$7,500 to $10,000	$15,000 to $20,000
Moorage	Not available	$3,000 to $4,000	$5,000 to $6,000
Fuel	Not available	$3,000 to $5,000	$7,000 to $10,000
Transportation	$2,100	$3,500 to $5,000	$10,000 to $15,000
Advertising	$9,800	$4,000 to $5,000	$10,000 to $15,000
Maintenance	$20,300	$5,000 to $7,500	$10,000 to $15,000
Other Variable Costs & Admin.	$30,100	$5,500 to $7,000	$60,000 to $64,000
Sub-total Variable Costs	$108,000	$51,500 to $73,500	$187,000 to $225,000
Contribution Towards Fixed Costs, Debt Interest and Owner	$58,000 (35% of total revenues)	$23,500 to $26,500	$63,000 to $75,000

Source: 1989 data: The ARA Consulting Group, 1991, Section 8.
Current estimates: *Pierce Lefebvre Consulting*, based on interviews with operators and 1991 data.

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Note: The 1989 data provide the following breakdown in purchases from suppliers:

	Total Purchases/ Operator	% of Total Expenses	% of Total Revenues of
Food and Accommodation	$7,700	11%	4.6%
Transportation	$2,100	3%	1.3%
Marketing, promotion, travel	$9,800	14%	5.9%
Maintenance	$20,300	29%	12.2%
Administration	$14,000	20%	8.4%
Other	$16,100	23%	9.7%
	$70,000	100%	42.1%

Source: 1989 data: The ARA Consulting Group, 1991, Section 8.

Other Data:

	1993 Survey of Marine Cruising Operators in Canada[14]	1989 Survey of 50 Sail Cruising Operators in B.C.[15]
Average length of trips in days	5.9	Not available
Average number of employees	4.7	4.3 (PY)
Gross revenues per operator	$78,450	$166,000
Average gross margin	31.9%	35%

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The main data sources for this building block include:

- Interviews with operators and industry representatives.
- Internet sites of various operators and industry associations.
- The ARA Consulting Group, *Marine Tourism in B.C.: Opportunity Analysis*, prepared for the Industry, Science and Technology Canada, Ministry of Tourism and Ministry of Regional and Economic Development, 1991.
- Clover Point Cartographics, Geoscape Environmental Planners, Lions Gate Consulting and Pinel and Associates, *Forest and Fisheries Tourism Opportunities Study for Portions of the Campbell River and Port McNeill Forest Districts, Appendix D: Tourism Product Activity Profiles*, 2000.
- Clover Point Cartographics Ltd., *Nootka Sound Forest Recreation and Tourism Opportunities Study*, prepared for the Nootka Sound Economic Development Corporation, 1998.
- Economic Planning Group, *Northern Vancouver Island Forest Recreation and Tourism Opportunities Study*, prepared for the Regional District of Mount Waddington, 1997.

LIST OF ENDNOTES

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[1] Clover Point Cartographics Ltd. et al., *Tourism Opportunities Study for the North Coast Forest District*, 2000, Section 6.5.

[2] *Adventure Travel in British Columbia, March 1988, Summary*, page 8.

[3] The ARA Consulting Group, 1991, page 8-1.

[4] Price Waterhouse and The ARA Consulting Group, Tourism *Industry Product Overview*, prepared for Tourism B.C. and the Council of Tourism Associations of B.C., 1996.

[5] Ibid, page 8-2.

[6] Clover Point Cartographics Ltd., *Nootka Sound Forest Recreation and Tourism Opportunities Study*, prepared for the Nootka Sound Economic Development Corporation, 1998, page 10.

[7] The ARA Consulting Group, 1991, page 11-4.

[8] *Pierce Lefebvre Consulting* estimate based on interviews with operators, 2002.

[9] Maple Leaf Adventure data: Hawkes, Suzanne, "Maple Leaf Adventures: Environmental Education on the North Pacific Coast", *The Greening of Tourism, From Principles to Practice, A Casebook of Best Environmental Practice in Tourism,* In cooperation with Industry, Science and Technology Canada-Tourism and Globe '92, 1992. Web site: www.mpaleleafadventures.com

[10] The ARA Consulting Group, 1991, page 8-4.

[11] Clover Point Cartographics et al., Appendix D, page 18.

[12] Clover Point Cartographics et al., Appendix D, page 5

[13] Clover Point Cartographics et al., Appendix D, page 7.

[14] Clover Point Cartographics et al., Appendix D, page 6.

[15] The ARA Consulting Group, 1991, Section 8.

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